

MINUTES OF REGULAR MEETING  
ILLINOIS GAMING BOARD  
OCTOBER 25, 1991

A Regular Meeting of the Illinois Gaming Board was held at 9:00 A.M. on October 25, 1991 in Conference Room D-1 of the William G. Stratton Office Building in Springfield, Illinois. The meeting was called pursuant to previous action taken by the Board in establishing the Regular Meeting schedule, action taken by the Board on January 15, 1991, and notice was duly and timely given to each Board member and to the general public in conformity with Section 2.02 of the Illinois Open Meetings Act.

The following Board members were present: William J. Kunkle, Jr., Chairman; and Board Members William J. Chamblin, Robert Gibson, J. Thomas Johnson, and Raymond C. Niepert.

Also in attendance were Morton E. Friedman, Administrator; Deputy Administrators J. Thomas Hutchison, Joseph McQuaid, and Marcy Wolf; Donna B. More, Chief Legal Counsel; other Board staff members, members of the media and the general public.

The meeting as called to order at 9:07 A.M. by Chairman William J. Kunkle, Jr.

The first order of business was consideration of applications submitted for Owner's Licenses. The Chairman recognized Administrator Morton Friedman who introduced Mr. Robert Ogren, attorney for applicant Arch-View Casino Cruises, Incorporated.

Mr. Ogren first reviewed an ownership change in the application noting that Mr. Richard Sauget and Mr. Michael Jacobs were withdrawing their ownership interest leaving Mr. George Middleton as the sole owner applicant. Mr. Ogren asked that the Board give favorable consideration to this change. He stated that the enterprise could be operational as early as September 1992 using a 1200 passenger cruise ship and that revenues to the State of Illinois would reach \$12 million yearly from 1000 on-board gaming positions.

Mr. Ogren reviewed the capitalization of the estimated \$21.2 million project and income estimates of \$67.2 million from over 1 million passengers for the first full year of operation. He noted that the application and estimates contemplate 10 to 12 months of construction and implementation of the proposed plan.

Mr. Ogren then described the proposed revenue sharing plan. He stated that the projected \$3.1 million in revenues that would be returned to the local jurisdiction would be distributed to ten surrounding communities which constitute the American Bottoms, all of which, he suggested, were economically depressed. He also addressed Arch - View's position that establishing an enterprise in Sauget would enhance and encourage the success of an eventual East St. Louis enterprise.

The Chairman asked for questions by the Board. Member Johnson suggested that all witnesses who had sought to address the Board concerning the Arch - View application be heard prior to questions. There were no objections, however Chairman Kunkle asked Mr. Ogren if the proposed revenue sharing plan would remain in effect even after an acceptable East St. Louis applicant was

identified? Mr. Ogren responded that the Arch - View would continue the revenue sharing proposal.

The Chairman recognized Illinois State Representative Monroe Flinn, (D - Granite City). Representative Flinn stated that he believed that the Board's approval would not impact the possible success and viability of an East St. Louis enterprise. Representative Flinn urged the Board to give its favorable consideration to the application. There were no questions of the Representative.

The Chairman next recognized Illinois State Representative Wyvetter Younge, (D - East St. Louis). Representative Younge stated that she was opposed to the Board's taking favorable action on the Arch - View application and urged that the City of East St. Louis be afforded additional time to file an application from a new investor. Representative Younge stated that it was the intent of the Illinois General Assembly to give the City of East St. Louis priority for the first riverboat gambling license in St. Clair County. She stated that the Arch - View application would establish a competing enterprise which would damage the viability of an East St. Louis enterprise. Chairman Kunkle asked if it was the Representative's opinion that the Board could accept additional applications when there were already sufficient applications to consume all available licenses granted by the Riverboat Gambling Act? Representative Younge responded that the Act recognized that the City of East St. Louis was to be given a license regardless of where other enterprises were to be located and reiterated that the intent of the General Assembly was that East St. Louis be granted the first license in St. Clair County. There were no further questions.

The Chairman next recognized Alderman Frank Seabury of Centerville, Illinois. Alderman Seabury stated that the assertion that Centerville was to be a part of the Arch - View revenue sharing plan was not correct and that the subject had not been discussed by the Centerville Board of Alderman. Alderman Seabury presented the Board with a petition, signed by a majority of the members of the Board of Aldermen, urging that the City of East St. Louis be granted the first gaming license in St. Clair County. There were no questions.

The Chairman next recognized Mr. Will McGaughy, Township Supervisor, East St. Louis Township and a member of the St. Clair County Board. Mr. McGaughy told the Board that Governor Edgar had, on October 24, 1991 while in East St. Louis, told reporters that the Riverboat Gambling Act was clear in reserving a license for East St. Louis. He urged the Board to review and consider all the facts concerning the Arch - View application and issue a finding of unsuitability. There were no questions.

The Chairman next recognized Mayor Sylvester Jackson of Washington Park, Illinois. Mayor Jackson told the Board that he neither supported or opposed the Arch - View application, but was in support of the request of East St. Louis to postpone consideration. There were no questions.

The Chairman next recognized Mayor Gordon Bush of East St. Louis, Illinois. Mayor Bush stated that it was the intent of the General Assembly that state loans made to the City of East St. Louis, totaling \$34 million, be repaid from revenues derived from gaming tax revenues. He urged the Board to find the Arch - View application unsuitable and to allow the City of East St. Louis 90 days to identify a new applicant. He noted that his office was working with two potential applicants and that an application could be field by January 1, 1992. Mayor Bush then referred to a letter written to the Board by the Legislative

Black Caucus that the City of East St. Louis be given the first license approved in St. Clair County.

Mayor Bush asked the Chairman for clarification on the number of licenses available and that if Arch - View's application was for docking in the City of East St. Louis, could the Board find the application suitable? Chairman Kunkle responded that the Mayor's question was, in fact, the question he had earlier asked. The Chairman stated that the Board had not resolved the question of whether the Board was empowered by statute to receive additional applications. The Chairman stated that with respect to simply moving the Arch - View application to East St. Louis was not as difficult a question because that situation could be considered as an amendment to an existing application and not a new application. Member Johnson stated that he felt that the Board could consider other applications, as long as the Board had not previously found nine other applications suitable for licensing. Chairman Kunkle stated that the problem for the Board was much broader in terms of the possibility of an applicant who had timely filed an application being denied by the Board in favor of an application that had been filed at a later time. He stated that the denial of the timely filer would be caused by the Board's decision favoring the application that was filed at a later date without the first application having had action taken on its merits by the Board. Mayor Bush stated that he understood the issue but felt that the City of East St. Louis was at a disadvantage because of the appeals process. Member Johnson suggested that the Board consider how it was going to interpret the statute so that if the members of the General Assembly determined that clarifying legislation was necessary they could begin the process of taking action. The Chairman noted that the Board had previously taken action in November of 1990 to reserve a license for the City of East St. Louis and had to date adhered to that action. There was no further discussion.

The Chairman next recognized Mr. Alzada Christian Carr, City Clerk of East St. Louis, Illinois. Ms. Carr presented the Board with a Resolution adopted by the East St. Louis City Council on October 23, 1991 which urged the Board to find the Arch - View application unsuitable for licensing. Ms. Carr asked that the Board explain why the appeal of Joseph Terrell had not been heard by the Administrative Law Judge. Chairman Kunkle recognized Donna B. More, Chief Legal Counsel and asked her to explain the status of Mr. Terrell's appeal and the status of litigation in the Circuit Court of Cook County filed by Mr. Terrell.

Ms. More responded that Mr. Terrell filed an appeal in January 1991 to the Administrative Law Judge. Counsel for Mr. Terrell had asked for a delay in the hearing. The first time all parties appeared before the Judge was in April 1991 at which time pre-hearing dates were set. Prior to a formal hearing, Mr. Terrell filed suit in Cook County Circuit Court during the month of July. Ms. More stated that just that morning, (October 25, 1991), Judge Sophia Hall had issued a decision in favor of the Board. She stated that in light of that decision, that Mr. Terrell would need to decide whether he was going to appeal that decision or, if not, whether Mr. Terrell was going to proceed with the administrative appeal. She noted that the parties would appear before the Administrative Law Judge on Monday, October 28, 1991 and that the Board was ready to proceed on hearing Mr. Terrell's administrative appeal. There was no further discussion.

The Chairman next recognized Illinois State Senator Kenneth Hall, (D - East St. Louis), Senator Hall told the Board that he supported the Arch - View application and an eventual East St. Louis application. Senator Hall stated that Arch - View had continued in good faith to reach out to local units of

government to share revenues, and that all jurisdictions, except East St. Louis, had been cooperative. Senator Hall urged the Board's favorable consideration. Member Johnson asked Senator Hall if his understanding of the statute would preclude the Board from accepting new applications when there ten applications pending final action? Senator Hall responded that the Board should prepare whatever amendatory provisions the Board felt necessary to resolve the question for the Senator to discuss with the General Assembly. Additionally, Senator Hall referred to a letter received from the United States Coast Guard that referred to the proposed East St. Louis dock site as being situated along the most accident prone location in the Western waterways. There was no further discussion.

The Chairman next recognized the Honorable Callie Mobley, Mayor of the City of Alorton, Illinois. Mayor Mobley told the Board that speaking on behalf of the Mayors of Dupo, Brooklyn, Fairmont City, East Carondelet, Cahokia, National City and Centerville, she was appearing in support of the Arch - View application. She stated that the proposed revenue sharing plan would help communities other than East St. Louis. There were no questions.

The Chairman next recognized a representative of the East St. Louis Board of Aldermen who stated that the Board of Aldermen was opposed to the Arch - View application. There were no questions.

The Chairman next recognized Member Johnson for questions of the applicant.

Member Johnson asked general questions concerning the Metro - East market and potential competition from other Illinois and Missouri enterprises. Mr. Ogren and Gary Gill, Chief Financial Officer for the applicant,, responded that Arch - View's marketing study identified 3 million potential gaming patrons in the area. They reviewed the Missouri statute and noted that John Connelly, who currently owned five boats on the Missouri side of the river had been quoted in news publications as saying he expected to be operational in 1993. Member Johnson stated that he was concerned about the viability of an East St. Louis enterprise since, if approved, Sauget and the City of St. Louis would create a large amount of competition adjacent to the City of East St. Louis. Chairman Kunkle observed that the prior administration of East St. Louis had created a problem by only approving one applicant for a license which was then presented to the Board for consideration. The Chairman stated that by not allowing all potential applicants to have their applications considered by the Board, the City had created an unnecessary problem. Member Johnson next asked questions concerning economic development in the area. Mr. Ogren stated that there was a hotel contemplated in Cahokia. There were no further questions.

The Chairman asked for staff's interpretation of the statute that would allow consideration of the Arch - View application. Administrator Friedman responded that the statute had been amended by the General Assembly that removed population as a disqualifying criterion for applicants filing for licenses that would be effective on or after March 1, 1992.

The Administrator next called the application of Southern Illinois Casino/Cruises Incorporated, (Southern Illinois), and introduced Mr. Michael Ficaro, attorney for the applicant. Mr. Friedman also noted that Illinois State Senator Jim Rea, (D - Christopher) was in attendance in support of the Southern Illinois application. Mr. Ficaro made opening remarks and introduced Mr. David Fishman, Vice chairman of Player's International and President of Southern Illinois to present the application.

Mr. Fishman first introduced local officials from the Metropolis area who were present. He then presented the application and stated that the available market for Southern Illinois numbers over 6 million potential customers from seven states surrounding Illinois. The total project costs are estimated to be \$14.235 million, to which 86% had already been financially committed. Mr. Fishman concluded that the enterprise could be operational by Fall of 1992. The Chairman asked for questions and recognized Member Johnson.

Mr. Johnson asked general questions about the proposed vessel capacity and construction timetable. Mr. Fishman responded that construction of the 1200 passenger boat would take 10 months and there were no plans to change the capacity. Mr. Johnson next asked questions concerning job creation and training and what plans the applicant had for underage passengers. Mr. Fishman responded that approximately 350 new jobs would be created and that there were plans for a nursery and arcade aboard the vessel for minors. The Chairman next recognized Member Niepert.

Mr. Niepert asked Mr. Fishman about the recent boarder dispute between the states of Kentucky and Illinois and whether the applicant had plans to build a second boat. Mr. Fishman responded that in light of the marketing plan presented and the size of the proposed vessel, that there were no plans to build a second vessel. He further noted that the U.S. Supreme Court had ruled in Illinois' favor with regard to the issue of state boundaries. There were no further questions.

The Chairman suggested that the Board recess for lunch and Executive Session and asked that a motion to that effect be made.

Member Chamblin moved that pursuant to the Open Meetings Act, Illinois Revised Statutes, 102, Section 42.02 (g), (h), and (k) the board retire to closed session and reconvene at the hour of 1:30 P.M. Hearing no objections to the contrary, the board retired to closed session at 12:30 P.M.

The Illinois Gaming Board reconvened its regular meeting at 2:13 P.M. Chairman Kunkle noted that Member Chamblin had been unable to continue his presence due to a previous engagement. Members Gibson, Johnson and Niepert were present. The Chairman entertained motions.

Member Niepert moved that the application for an Owner's License received from Southern Illinois Casino/Cruises Incorporated be found suitable for licensing. Mr. Gibson seconded the motion. The Chairman called for the yeas and nays by hand vote. The members responded as follows:

Mr. Chamblin		NV
Mr. Gibson	Nay	
Mr. Johnson	Aye	
Mr. Niepert	Aye	
Mr. Chairman		Aye

The motion was approved 4 Ayes and No Nays.

Member Johnson moved that consideration of the application for an Owner's License received from Arch - View Casino Cruises Incorporated lay upon the table for a period of up to ninety (90) days, or to the next regularly scheduled meeting of the Board. Member Niepert seconded the motion. The Chairman called for the yeas and nays by hand vote. The members responded as follows:

Mr. Chamblin		NV
Mr. Gibson	Nay	
Mr. Johnson	Aye	
Mr. Niepert	Aye	
Mr. Chairman		Aye

The motion was approved 3 Ayes, 1 Nay.

The next order of business was the approval of the minutes of the Regular Meeting of July 16, 1991.

Member Johnson moved the minutes be approved as submitted. Member Niepert seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

The next order of business was the approval of the minutes of the Special Meeting of September 10, 1991.

Member Gibson moved the minutes be approved as submitted. Member Niepert seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

The next order of business was the request for final licensing of the Alton Riverboat Gambling Partnership as a Holder of an Owner's License. The Chairman recognized the Administrator.

Mr. Friedman told the Board that the Alton Belle Casino had successfully completed the final practice gaming excursion as required by statute on September 10, 1991 and had been successfully operating under a temporary operating permit since that time. Mr. Friedman recommended the Board grant final licensing.

Member Gibson moved that the applicant Alton Riverboat Gambling Partnership be granted an Owner's License. Member Niepert seconded the motion. The Chairman called for the yeas and nays by hand vote. The members responded as follows:

Mr. Chamblin	NV
Mr. Gibson	Aye
Mr. Johnson	Aye
Mr. Niepert	Aye
Mr. Chairman	Aye

The motion was approved 4 ayes and 0 nays.

The next order of business were status reports of applicants previously found to be suitable for licensing. The Chairman first called on Aurora Riverboats Incorporated.

Mr. William Weidner appeared on behalf of the Aurora applicant. He stated that the enterprise was on schedule to commence operations with an initial vessel during September, 1992 with a second vessel schedule to be brought into service in April 1993. The Chairman asked for questions and recognized Member Johnson.

Mr. Johnson asked a question about access to the docksite in relationship to ongoing road construction in downtown Aurora. He also asked if there had been

any significant change to vessel capacity. Mr. Weidner responded to the questions.

The Chairman next recognized Des Plaines Development Corporation.

Mr. Larry Suffredin appeared on behalf of the applicant. He told the Board that the permanent dock site would not be ready for occupancy until April or May of 1993. In the meantime, the applicant intends to use a temporary docksite that was within walking distance of the permanent site. The Chairman asked for questions and recognized Member Johnson.

Mr. Johnson asked for clarification concerning whether the Army Corps of Engineers could dictate to the applicant the size of the vessel docked at a temporary site. Mr. Suffredin responded that the issue is being looked into by both the applicant and the Corps of Engineers. There was no further discussion.

The Chairman next recognized Des Plaines River Entertainment Corporation.

Mr. Phillip Griffith appeared on behalf of the applicant. He told the Board that DREC had increased the size of their originally proposed vessel. The Chairman asked for questions and recognized Member Johnson.

Mr. Johnson asked if the City of Joliet and DREC had discussed possible annexation of the land constituting the docksite at the time the Board was considering the application. Mr. Griffith responded that there had been no discussions at that time. There was no further discussion.

The Chairman next recognized Greater Peoria Riverboat Corporation.

Mr. Thomas Moore appeared on behalf of the applicant. He told the Board that the Par - A - Dice was in Peoria, that the enterprise had hired some 600 employees and that practice cruises for employees had been undertaken. Mr. Moore asked the Board's permission to temporarily dock the vessel on the Peoria side of the river until the permanent dock site could be completed. The Chairman recognized Member Johnson for questions.

Mr. Johnson asked the Administrator if the Intergovernmental Agreement between the cities of Peoria and East Peoria allowed docking at either site. Mr. Friedman confirmed that interpretation. Mr. Johnson asked when the East Peoria site would be completed. Mr. Moore responded that the completion target date was April or May 1992. There was no further discussion.

The Chairman next recognized Jo Daviess Riverboat Corporation.

Mr. Louis Garippo and Mr. Jim Sheerin appeared on behalf of the applicant. They told the Board that dredging had begun at the dock site and that they anticipated an April 1992 opening. Mr. Sheerin noted that the vessel is currently undergoing sea trials and that it was anticipated that a request for a temporary docksite would be forthcoming. The Chairman asked for questions and recognized Member Johnson.

Mr. Johnson requested that the applicant submit a new set of financial projections. He extended that request to all applicants. There was no further discussion.

The Chairman next recognized Rock Island Boatworks.

Mr. Michael Ficaro appeared on behalf of the applicant and told the Board that plans for the enterprise were proceeding on schedule for an April 1992 start date. He noted that staff training had begun and that the enterprise would shortly be submitting their internal controls to staff. Mr. Ficaro requested that the Board consider allowing Rock Island Boatworks to locate a second vessel in Moline and provide a recommendation at the Special Meeting. The Chairman recognized Member Johnson.

Mr. Johnson asked general questions regarding vessel capacity and asked for an updated financial projection.

Member Gibson asked whether a Moline vessel contemplated a change in ownership. Mr. Ficaro responded that ownership would remain the same. There was no further discussion.

The next order of business was the review and approval of applications received for Suppliers Licenses. The Chairman recognized the Administrator.

Mr. Friedman recommended that the Board approve the applications received from Riverboat Gaming Management Incorporated to provide gaming management services to Des Plaines River Entertainment Corporation and from Greate Bay Casino Corporation to provide casino management services to Aurora Riverboats Incorporated. He stated that no derogatory information had been developed during the background investigation.

Mr. Gibson moved that the application received from Riverboat Gaming Management Incorporated to be a supplier of gaming management to Des Plaines River Entertainment Corporation be approved. Mr. Niepert seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

Mr. Gibson moved that the application received from Greate Bay Casino Corporation to be a supplier of gaming management to Aurora Riverboats Incorporated be approved. Mr. Johnson seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

The next order of business concerned the Board's proposed rulemaking and comments received during the First Notice comment period. The Chairman recognized Ms. Donna More, Chief Legal Counsel.

Ms. More described the status of the Board's proposed rules and stated that members had been supplied with copies of comments filed by interested members of the general public. The Chairman called for discussion and recognized Member Johnson.

Mr. Johnson asked several questions concerning the comments received. Mr. Johnson moved that with respect to Rule 3000.710 that the words "shall provide" be stricken and in lieu thereof, the words "have available" be inserted. Mr. Gibson seconded the motion. After discussion, Mr. Johnson moved to amend the motion to restore the stricken "shall provide" and insert after the word "patrons" the words "who request one,". Mr. Gibson seconded the motion to amend. The Chairman called for the yeas and nays.

The motion, as amended, was adopted unanimously by voice vote.



After further questions concerning other provisions, Mr. Gibson moved to accept the staff recommendations except as noted by action taken with respect to Rule 3000.710. Mr. Johnson seconded the motion. The Chairman called for the yeas and nays.

The motion was approve unanimously by voice vote.

The next order of business was New Business. The Chairman recognized Chief Counsel Donna More.

Ms. More presented the Board with a suggest Board Policy statement concerning the imposition of fees for copies of agency records requested by the general public. She noted that the proposed policy contained a fee waiver provision for persons who would be unable to afford to pay the copying fee. Ms. More concluded that the imposition of fees are consistent with the Freedom of Information Act.

Mr. Johnson moved that the Board adopt the proposed schedule of fees for requests received under the Freedom of Information Act. Mr. Niepert seconded the motion. The Chairman called for the yeas and nays.

The motion was adopted unanimously by voice vote.

The Chairman announced that the next Regular Meeting Date would be February 6, 1992 at a time and place to be determined.

There being no further business to come before the Board, Mr. Gibson moved that the Board stand adjourned. Mr. Niepert seconded the motion. The Chairman called for yeas and nays.

The motion was approved unanimously by voice vote and the Board stood adjourned at 3:35 P.M.

Respectfully submitted,

James A. Nelson  
Secretary of the Board

